

Hamilton County Telephone Co-op

P.O. Drawer "B"
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CC 916-45

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December 9, 1997

VIA CERTIFIED MAIL

Ms. Sheryl Todd
Universal Service Branch
Accounting and Audits Division
Federal Communications Commission
2100 M Street, NW, 8th Floor
Washington, DC 20554

Re: Designation of Hamilton County Telephone Cooperative As An
Eligible Telecommunications Carrier by the Illinois Commerce
Commission

Dear Ms. Todd:

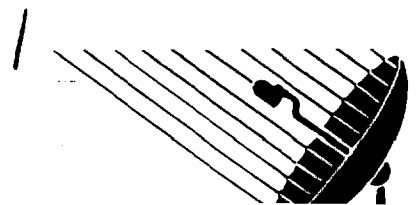
Enclosed is a copy of the Order of the Illinois Commerce Commission designating Hamilton County Telephone Cooperative as an Eligible Telecommunications Carrier under 47 U.S.C. § 214(e) of the Telecommunications Act of 1996 for its service area consisting of its Belle Prairie, Belle Rive, Blairsville, Broughton, Dahlgren, Dale, and Macedonia Exchanges. The Order of the Illinois Commerce Commission was entered on the 3rd day of December, 1997 in Docket No. 97-0433.

Please notify me immediately if we need to provide you with anything further concerning the Company's designation as an Eligible Telecommunications Carrier.

Sincerely,

David E. Parkhill
Executive Vice President/General Manager

CC: Director, USAC



STATE OF ILLINOIS

ILLINOIS COMMERCE COMMISSION

Hamilton County Telephone Co-Op	:	
	:	
Application for Designation as an	:	
Eligible Telecommunications	:	97-0433
Carrier under 47 U.S.C. 214(e)(2) of	:	
the Telecommunications Act of	:	
1996 for its service area consisting	:	
of its Broughton, Belle Prairie,	:	
Macedonia, Dahlgren, Belle Rive,	:	
Blairsville and Dale exchanges.	:	

ORDER

By the Commission:

On September 15, 1997, Hamilton County Telephone Co-Op ("Applicant," "Co-Op" or "Hamilton County") filed an application under Section 214(e)(2) of the Telecommunications Act of 1996 ("Act") and 47 C.F.R. 54.201 ("FCC's Rules") requesting that the Illinois Commerce Commission ("Commission") designate Applicant as an eligible telecommunications carrier for its service area consisting of its Broughton, Belle Prairie, Macedonia, Dahlgren, Belle Rive, Blairsville and Dale exchanges. The verified statement of David E. Parkhill, Executive Vice-President and General Manager of Applicant, was submitted in support of the application.

On October 2, 1997, Staff of the Commission submitted the verified statements of Rasha Toppozada-Yow, Interim Section Chief, and S. Rick Gasparin, Economic Analyst, both of the Telecommunications Division, and Cindy Jackson, Program Assistant in the Consumer Services Division.

Pursuant to proper notice, this matter was called for hearing by a duly authorized Hearing Examiner of the Commission at its offices in Springfield, Illinois, on October 9, 1997. Appearances were entered by counsel for Applicant and for the Commission Staff. The parties waived cross-examination and the verified statements of Applicant and Staff were received in evidence. Counsel for Applicant stipulated that Applicant will comply with the additional advertising requirements in accordance with the recommendations of Ms. Jackson. The record was marked "Heard and Taken" on October 9, 1997.

Applicant's Position

Hamilton County is a facilities-based incumbent local exchange telecommunications carrier and a common carrier, which provides telecommunications service in seven exchanges. Boundary maps of these exchanges are on file with the Commission. Although Hamilton County is a Telephone and Telecommunications Co-Operative as defined in Section 13-212 of the Public Utilities Act and subject to regulation by this Commission as limited by Section 13-701 of the Public Utilities Act, the entry of an Order by the Commission designating Hamilton County as an Eligible Telecommunications Carrier is appropriate and in the public interest. There is no language within 47 U.S.C. Section 214(e)(1) that requires that a telecommunications carrier seeking designation as an "Eligible Telecommunications Carrier" be subject to the jurisdiction of the state commission. Applicant qualifies as a "rural telephone company" as defined in 47 U.S.C. 153(47). The seven exchanges named above constitute Applicant's study area and its "service area" within the meaning of Section 224(e)(2) of the Act and Section 55.201 of the FCC's Rules.

Hamilton County provides each of the following services as the FCC defines them throughout its service area:

1. Voice grade access to the public switched network;
2. Local usage;
3. Dual tone multi-frequency (touch tone) or its functional equivalent;
4. Single-party service or its functional equivalent;
5. Access to emergency services;
6. Access to operator services;
7. Access to interexchange services;
8. Access to directory assistance; and
9. Toll limitation for qualifying low-income consumers.

Concerning toll limitation, Applicant agrees to provide toll blocking under which a customer may choose to have all toll number calling blocked from the customer's telephone, including intraLATA toll calls, 1+ toll calls and 0+ toll calls. This service will allow continued access to 1-800 numbers, 1-888 numbers, other toll-free area codes, 0-(live, local) operator services, and 9-1-1 or E9-1-1 services available within Applicant's serving area. Parts of Hamilton County within the Broughton, Macedonia, Belle Rive, Blairsville and Dale exchanges and parts of the Belle Prairie and Dahlgren exchanges are without 9-1-1 or E9-1-1 service. Parts of the Belle Prairie and Dahlgren exchanges also serve parts of Wayne County which is without either 9-1-1 or E9-1-1 service. In these areas, emergency service calls may be toll calls, and it is possible that access to these emergency services could be blocked. In order to address this potential problem, Applicant requests a waiver of the toll blocking requirements in the above exchanges until such time as 9-1-1 or E9-1-1 is in service in Hamilton and Wayne Counties.

Also, Applicant does not presently provide "toll control" as defined in the FCC Rules. Contrary to the FCC's finding in Docket No. CC 96-45 (May 7, 1997 Report and Order on the Federal-State Joint Board on Universal Service, Pa. 82), Applicant is not aware that any telecommunications carriers are deploying toll limitation services in public telecommunications networks. Applicant does not bill for all of the intraLATA or interLATA toll service providers doing business in its service area and has no method for limiting toll acquired from service providers for which it does not bill. Hamilton County does not collect toll usage information in "real time" and since it is unable to monitor different toll rates applicable to different types of toll usage, it has no reliable way of correlating toll usage to a customer's requested toll limit. Applicant has agreed to try and make itself aware of any reliable method of toll control that becomes available in the future. Applicant seeks a three-year waiver of the toll control requirement.

Applicant also agrees not to disconnect Lifeline Service for non-payment of toll charges and will not require a service deposit in order to initiate Lifeline Service if the low-income consumer voluntarily elects toll blocking where it is available.

Applicant agrees to comply with rules and requirements for advertising the availability of services designated for support and the charges and rules related to universal service support for low-income consumers when such rules are adopted by the Commission. Hamilton County has also agreed to advertise the availability of the eligible services and charges and will provide information regarding universal service support for low-income consumers in newspapers of general circulation within its service area at least once quarterly, through a bill insert to its customers at least once a year, and through a notice in the next edition (based on publishing deadline) of its White Pages telephone directory.

Staff's Position

Staff has reviewed Hamilton County's application and recommends that it be designated as an eligible telecommunications carrier under Section 214(e)(2) for its service area consisting of its seven exchanges.

Ms. Jackson reviewed the application with regard to FCC requirements concerning advertising, offering Lifeline and Link Up support, disconnection for non-payment of toll charges, deposits for toll limitation service, and toll blocking in areas without 9-1-1 or E9-1-1 service. Ms. Jackson found that Applicant has met most FCC requirements in these areas. She supported Applicant's request for waiver from the FCC's toll blocking requirement in those areas where 9-1-1 or E9-1-1 is not available until such time as one of these services is operational. Ms. Jackson also requested that Applicant make a commitment to supplement its advertising guidelines by adding notification letters to governmental agencies containing information regarding programs available to low-income consumers. As previously noted, Applicant has agreed to do so.

Mr. Gasparin examined Hamilton County's application from a technical perspective as it relates to voice grade access and the modification of frequency ranges. He explained that the FCC has modified the traditional voice grade access frequency range in its decision in CC Docket No. 96-45 adopted November 7, 1996. He concluded that the range and effective bandwidth used for voice communications by Illinois carriers is adequate for the provisioning of voice service and meets the new FCC requirements. Mr. Gasparin also explained that the current bandwidth supporting voice communications requirements of the public switched network is quite adequate and meets the current goals of the FCC. He cited the FCC's finding that voice grade, not higher bandwidth services and data transmission capabilities, is the appropriate goal of universal service at this time (Par. 64).

Ms. Toppozada-Yow summarized the goals and requirements of certification for eligible telecommunications carriers within particular service areas. She explained that certification was necessary for the Co-Op to be eligible for federal universal service funds and that, as a rural carrier, the Applicant's service area was defined to be identical to its study area, which is its entire serving area. Ms. Toppozada-Yow explained that the Commission could in the future petition the FCC for a modification of Applicant's service area, and she recommended that the Commission reserve this right in the Order in this proceeding. She also concluded that the Co-Op met the requirement that it uses its own facilities in at least some part for the provision of universal service.

Ms. Toppozada-Yow evaluated Applicant's provision of the services supported by universal service. Based on her review of the Co-Op's verified statement and her discussions with Staff witness Gasparin, Ms. Toppozada-Yow concluded that Applicant complied with the requirements for providing voice grade access to the public switched network; dual tone multi-frequency signaling; single party service; access to emergency services, operator services, interexchange services and directory assistance; and low-income service requirements.

As to local usage, Ms. Toppozado-Yow concluded that the Co-Op provides this service; however, she pointed out that the FCC has not yet specified what level of local usage universal service should support. Therefore, the Order in this case should direct the Co-Op to meet the level of service ultimately required by the FCC and should require it to provide evidence of its compliance upon the Commission's request. The Co-Op has agreed to do this.

As to toll limitation, Ms. Toppozada-Yow concluded that the Co-Op is capable of providing adequate toll blocking in its exchanges. However, for reasons that Ms. Toppozada-Yow explained as applying to all carriers, the Co-Op cannot presently comply with the toll control service requirements of the FCC. Ms. Toppozada-Yow recommended that the Commission grant Applicant the three-year waiver of the toll control requirements as the Company has requested. She also recommended that,

consistent with the Company's offer, the Commission direct the Co-Op to make itself aware of any reliable method of toll control that becomes available within the telecommunications industry. Ms. Toppozada-Yow also noted that some parts of Applicant's exchanges serve Hamilton and Wayne Counties which do not have either 9-1-1 or E9-1-1 services. Since some emergency services for customers in those counties may require toll calls, Ms. Toppozada-Yow recommended that the Commission grant the Co-Op's request for a waiver of toll blocking requirement for customers in those counties until such time as 9-1-1 or E9-1-1 services are implemented.

In summary, Ms. Toppozada-Yow recommended that the Commission approve the Co-Op's application and designate it as an eligible telecommunications carrier for the service area consisting of Applicant's seven exchanges. She recommended that the Commission grant the Co-Op the waivers it requested with regard to toll limitation in its exchanges and toll blocking for customers in Hamilton and Wayne Counties. She also recommended that the Commission direct the Co-Op to comply with the local usage definitions which the FCC is expected to publish by the end of 1997 and that the Commission direct the Co-Op to withdraw its toll control service waiver once a reliable method of toll control becomes available within the telecommunications industry. Ms. Toppozada-Yow also concurred in Ms. Jackson's recommendation that the Commission should direct Applicant to adopt the advertising requirements specified in Staff witness Jackson's verified statement.

Conclusion

Pursuant to the Act and the FCC's Rules, Applicant has filed to be designated as an eligible telecommunications carrier for its service area consisting of its seven exchanges. Staff supports the requested designation and the granting of the limited waivers sought by Applicant. The Commission concurs and finds that Hamilton County should be designated an eligible telecommunications carrier for its entire service area and granted the requested waivers as discussed below.

The record demonstrates that Applicant meets the requirements of Section 214(e)(1) of the Act to be designated an eligible carrier. Hamilton County is a rural telephone company within the meaning of the Act and the FCC's Rules. As a rural telephone company, Hamilton County's entire service area is its appropriate designated service area under the FCC's Rules. As observed by Ms. Toppozada-Yow, the Commission in the future may petition the FCC for a modification of Hamilton County's service area if the Commission believes the Rural Service Area, as defined in this Order, unreasonably limits a new entrant's ability to be designated an eligible telecommunications carrier or creates a barrier to entry.

With the exception of toll limitation for qualifying low-income consumers as discussed below, the record demonstrates that Applicant provides each and all of the required services as designated and defined by the FCC. While the Applicant has

indicated its willingness to offer local usage as required by the FCC, the FCC has yet to specify the amount of local usage to be supported by federal universal service mechanisms. While the Commission accepts Hamilton County's representation that it will provide the required amount of local usage as determined by the FCC, Applicant should be prepared to demonstrate its compliance with this requirement upon request.

As noted above, Hamilton County cannot presently provide toll control to low-income subscribers in the manner described in the FCC's requirements. The inability to provide toll control is not unique to Applicant but exists with other telecommunications carriers in Illinois. If and/or when a reliable method of toll control will become available is not presently known. The Commission finds that exceptional circumstances do exist and Applicant's request for a three-year waiver (the calendar years 1998, 1999 and 2000) of the requirement to provide toll control should be granted.

Applicant has stated that it will endeavor to make itself aware of any reliable method of toll control that becomes available within the telecommunications industry. Staff has recommended that Applicant withdraw its request for the toll control waiver if a reliable method of toll control becomes available within the industry during the three-year waiver period. At this point, there are too many unknowns concerning solutions that might allow toll control to be provided, including the ability of any company to deploy the solution and the associated costs. The inability to provide toll control is widespread within the industry. Rather than requiring Applicant to withdraw its request for a waiver, the Commission directs Applicant to expeditiously notify the Staff if Applicant becomes aware of the availability of a reliable methodology of providing toll control. The Staff, together with Applicant and other members of the industry, can then investigate the methodology, whether exceptional circumstances exist, and whether it is appropriate for Applicant and other telecommunications carriers in Illinois to implement and deploy the toll control methodology.

Applicant has the ability to provide toll blocking as defined by the FCC. As discussed by Ms. Jackson and Ms. Toppozada-Yow, however, toll blocking could result in calls to emergency services being blocked in areas where neither 9-1-1 or E9-1-1 are in service. Applicant's Broughton, Madedonia, Belle Rive, Blairsville and Dale exchanges and parts of the Belle Prairie and Dahlgren exchanges serve parts of Hamilton County, Illinois where neither 9-1-1 nor E9-1-1 are in service. Parts of the Belle Prairie and Dahlgren exchanges also serve parts of Wayne County which is without either 9-1-1 or E9-1-1. Applicant has requested a waiver of the toll blocking requirement in these exchanges in order to avoid blocking access to emergency services until such time as 9-1-1 or E9-1-1 is in service in Hamilton and Wayne Counties. This request should be granted in the interest of public safety, continued access to emergency services, and based upon the exceptional circumstances demonstrated in this record.

The FCC's Rules require an eligible carrier to advertise the availability of services and charges using media of general distribution. The Commission will initiate a proceeding in the near future to establish requirements applicable to all carriers who have or seek to be designated as eligible telecommunications carriers. Applicant has indicated that it will comply with the Commission's advertising requirements when adopted.

Until such advertising requirements are adopted by the Commission, Applicant has committed to advertise the availability of eligible services and charges and to provide information regarding universal service support for low-income customers in newspapers of general circulation within its service area, at least once quarterly; by means of a bill insert going to all customers, at least once annually; and through a notice in the next edition (based on publishing deadline) of its White Pages telephone directory. Staff recommended that Applicant should also provide a letter of notification of low-income programs to the director of all municipal, state or federal governmental agencies within its service area whose clientele are likely to benefit from any of these programs. Applicant agreed to comply with the additional advertising requirement recommended by Staff. The Commission finds these advertising commitments to be reasonable and appropriate and consistent with the FCC's Rules.

As set forth in the verified statements filed by Applicant and Staff, Hamilton County has committed to comply with all other requirements contained in the Act and the FCC's Rules to be designated as an eligible telecommunications carrier. The granting of Hamilton County's application is consistent with the Act and FCC's Rules and is in the public interest.

The Commission, having considered the entire record herein and being fully advised in the premises, is of the opinion and finds that:

- (1) Hamilton County Telephone Co-Op is a facilities-based incumbent local exchange telecommunications service provider and a common carrier;
- (2) the Commission has jurisdiction over the parties hereto and subject matter hereof;
- (3) the recitals of fact and conclusions of law set forth in the prefatory portion of this Order are supported by the evidence of record and are hereby adopted as findings of fact and conclusions of law;
- (4) the designation of Hamilton County Telephone Co-Op as an eligible telecommunications carrier for its service area consisting of its Broughton, Belle Prairie, Macedonia, Dahlgren, Belle Rive, Blairsville and Dale exchanges is consistent with the Act and the FCC's Rules and is in the public interest;

- (5) based upon exceptional circumstances, Applicant should be granted a waiver of the requirement to provide toll control service as defined by the FCC to low-income customers for the calendar years 1998, 1999 and 2000;
- (6) in the interest of public safety, continued access to emergency services, and based upon the exceptional circumstances demonstrated in this record, Applicant should be granted a waiver of the requirement to provide toll blocking service as defined by the FCC in its exchanges to low-income customers until such time as 9-1-1 or E9-1-1 is in service in Hamilton and Wayne Counties, Illinois;
- (7) Applicant should comply with the various requirements associated with being a designated eligible telecommunications carrier as set forth in the FCC's Rules and the additional requirements and commitments described in the prefatory portion of this Order.

IT IS THEREFORE ORDERED by the Illinois Commerce Commission that Hamilton County Telephone Co-Op is designated an eligible telecommunications carrier under 47 U.S.C. 214(e) of the Telecommunications Act of 1996 for its service area consisting of its Broughton, Belle Prairie, Macedonia, Dahlgren, Belle Rive, Blairsville and Dale exchanges.

IT IS FURTHER ORDERED that Hamilton County Telephone Co-Op is granted a waiver of the requirement to provide toll control service as defined by the FCC to low-income customers for the calendar years 1998, 1999 and 2000.

IT IS FURTHER ORDERED that Hamilton County Telephone Co-Op is granted a waiver of the requirement to provide toll blocking service as defined by the FCC to low-income customers in its exchanges until such time as 9-1-1 or E9-1-1 is in service in Hamilton and Wayne Counties, Illinois.

IT IS FURTHER ORDERED that Hamilton County Telephone Co-Op should comply with the requirements of Finding (7) above.

IT IS FURTHER ORDERED that subject to the provisions of Section 10-113 of the Public Utilities Act and 83 Ill. Adm. Code 200.880, this Order is final; it is not subject to the Administrative Review Law.

By order of the Commission this 3rd day of December, 1997.

(SIGNED) DAN MILLER

Chairman

(S E A L)